

810-13-1-.11 PROCEDURES FOR PAYMENT - ACH CREDIT PAYMENT METHOD.

(1) The Department will allow certain taxpayers to use the ACH Credit payment method.

(2) It is the intent of the Department to examine each taxpayer's compliance with the requirements of this rule. If a taxpayer has elected the ACH Credit payment method, but repeatedly fails to correctly ~~complete the payment transactions in accordance with the procedures stated in these rules, the Department may in its discretion require the taxpayer to make future payments by the ACH Debit payment method.~~ provide the Department with the required addenda record which conforms to the requirements of the Department, fines, fees and/or penalties will be assessed by the corresponding division until the correct format is used.

(a) Upon the first offense the taxpayer will be notified and made aware of the non-compliance

(b) The taxpayer will be informed on how to correct the issue

(c) The taxpayer will be given two opportunities to correct the issue

(d) If the error occurs a fourth time, the payment will be placed in a holding account.

(e) The divisions will impose all applicable fines, fees and penalties for late payments

(f) The division will continue to impose all fines, fees and penalties until addenda errors are corrected.

(3) To assure the timely receipt of payment for a tax type, a taxpayer must ensure that the financial institution originating the transaction does so in sufficient time for the payment to be deposited as immediately available funds (collected funds) to the State Treasury on or before the appropriate due date of the payment.

(4) All ACH Credit transactions must utilize the NACHA CCD+ entry with a TXP Banking Convention addenda record. The TXP Banking Convention addenda record requires the following information:

- ~~a.~~ (a) Taxpayer's identification number;
- ~~b.~~ (b) Tax type code;
- ~~c.~~ (c) Tax period end date;

- d. (d) Payment type;
- e. (e) Amount of payment;

~~(5) If the taxpayer repeatedly fails to provide the Department with the required addenda record which conforms to the requirements of the Department, the taxpayer may be required to use the ACH Debit method.~~

(6) A taxpayer who elects to use the ACH Credit payment method will first determine the total amount of tax due with respect to the tax type for which the payment is being made. At a time arranged between the taxpayer and the taxpayer's financial institution, the taxpayer will provide the taxpayer's financial institution with the information necessary to initiate a timely ACH Credit transaction utilizing the NACHA CCD+ entry and the TXP Banking Convention. A timely ACH Credit transaction will be initiated and posted as immediately available funds (collected funds) to the State of Alabama's bank account on or before the due date of the payment.

(7) Taxpayers electing to use the ACH Credit payment method are responsible for coordinating with their financial institutions to ensure that ACH Credit payments are timely initiated **and sent via the correct addenda record.** The impact of prescribed ACH time frames and nightly cycles as well as the impact of weekends and holidays must be considered.

(8) Taxpayers with a zero tax liability for a reporting period must report that information in accordance with the procedures stated in these rules with the exception that a prenote transaction code will be used in the entry detail record.

(9) Taxpayers must file the required return(s.) Any EFT payment indicators on the form must be completed. If an EFT indicator is not available, taxpayers must boldly and legibly print on the face of the return that payment was made using EFT. Tax returns for which payment was made using EFT must be mailed to the following address:

Alabama Department of Revenue  
EFT Unit  
PO Box 327950  
Montgomery, AL 36132-7950.

Author: **Janice Lindsey**, Ed Cutter  
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